

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2471 - SB 2535

March 2, 2018

SUMMARY OF BILL: Requires the Board of Examiners for Architects and Engineers (BEAE) to oversee compliance with contracts for professional services, with respect to the use and procurement of architectural, engineering, and landscape architectural services for public work.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$6,600/One-Time/Board of Examiners for
Architects and Engineers
\$166,500/Recurring/Board of Examiners for
Architects and Engineers**

Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Board of Examiners for Architects and Engineers experienced a surplus of \$138,140 in FY15-16, a surplus of \$306,060 in FY16-17, and had a cumulative reserve balance of \$1,957,761 on June 30, 2017.

Assumptions:

- Pursuant to Tenn. Code Ann. § 12-4-107(a)(1), contracts for architectural, engineering and construction services procured by any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision are reviewed by a selection committee. The selection committee is required to negotiate contracts based on qualifications of licensed firms.
- Pursuant to Tenn. Code Ann. § 62-2-107, the plans, specifications and estimates for all construction or maintenance of any public work involving architecture, engineering or landscape architecture must be made by a registered architect, registered engineer or registered landscape architect.
- Passage of this legislation would require the BEAE to oversee compliance with qualifications based selection for architectural, engineering, and landscape architectural services for public works and handle contract disputes for public works projects, including voiding contracts and seeking court injunctions if there is a violation.
- Based on information provided by the Department of Commerce and Insurance (DCI) the proposed legislation cannot be accommodated within existing resources. The BEAE

will require one Administrative Services Assistant 4 position and one Attorney 3 position to implement procedures and rules to enforce qualifications based selection procedures and handle contract disputes resulting from violations.

- The one-time increase in state expenditures associated with the two positions is estimated to be \$6,600 [\$1,300 computer cost + \$2,000 office furniture) x 2 positions].
- The recurring increase in state expenditures associated with the Administrative Service Assistant 4 position is estimated to be \$66,035 (\$49,044 salary + \$15,391 benefits + \$1,000 communications + \$600 supplies).
- The recurring increase in state expenditures associated with the Attorney 3 position is estimated to be \$100,491 (\$78,597 salary + \$20,294 benefits + \$1,000 communications + \$600 supplies).
- The total recurring increase in state expenditures is estimated to be \$166,526 (\$66,035 + \$100,491).
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The BEAE experienced a surplus of \$138,140 in FY15-16, a surplus of \$306,060 in FY16-17, and had a cumulative reserve balance of \$1,957,761 on June 30, 2017.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- This legislation is estimated to have no significant impact on commerce or jobs in this state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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